

prime contractor. To indicate acceptance of offers by individual Canadian companies, the Canadian Commercial Corporation issues a letter supporting the Canadian offer and containing the following information:

- (1) Name of the Canadian offeror.
- (2) Confirmation and endorsement of the offer in the name of the Canadian Commercial Corporation.
- (3) A statement that the Corporation shall subcontract 100 percent with the offeror.
- (b) When a Canadian offer cannot be processed through the Canadian Commercial Corporation in time to meet the date for receipt of offers, the Corporation may permit Canadian firms to submit offers directly. However, the contracting officer shall receive the Canadian Commercial Corporation's endorsement before contract award.
- (c) The Canadian Commercial Corporation will submit all sealed bids in terms of U.S. currency. Do not adjust contracts awarded under sealed bidding for losses or gains from fluctuation in exchange rates.
- (d) Except for sealed bids, the Canadian Commercial Corporation normally will submit offers and quotations in terms of Canadian currency. The Corporation may, at the time of submitting an offer, elect to quote and receive payment in terms of U.S. currency, in which case the contract—
  - (1) Shall provide for payment in U.S. currency; and
  - (2) Shall not be adjusted for losses or gains from fluctuation in exchange rates.

**225.870-4 Contracting procedures.**

- (a) Except for contracts described in 225.870-1(c)(1) through (4), award individual contracts covering purchases from suppliers located in Canada to the Canadian Commercial Corporation, 11th Floor, 50 O'Connor Street, Ottawa, Ontario, Canada, K1A-0S6.
- (b) Direct communication with the Canadian supplier is authorized and encouraged in connection with all technical aspects of the contract, provided the Corporation's approval is obtained on any matters involving changes to the contract.
- (c) Identify in the contract, the type of currency, *i.e.*, U.S. or Canadian. Con-

tracts that provide for payment in Canadian currency shall—

- (1) Quote the contract price in terms of Canadian dollars and identify the amount by the initials "CN", *e.g.*, \$1,647.23CN; and
- (2) Clearly indicate on the face of the contract the U.S./Canadian conversion rate at the time of award and the U.S. dollar equivalent of the Canadian dollar contract amount.

**225.870-5 Contract administration.**

Follow the contract administration procedures at PGI 225.870-5.

[70 FR 73155, Dec. 9, 2005]

**225.870-6 Termination procedures.**

When contract termination is necessary, follow the procedures at 249.7000.

[71 FR 27645, May 12, 2006]

**225.870-7 Acceptance of Canadian supplies.**

For information on the acceptance of Canadian supplies, see PGI 225.870-7.

[70 FR 73155, Dec. 9, 2005]

**225.870-8 Industrial security.**

Industrial security for Canada shall be in accordance with the U.S.-Canada Industrial Security Agreement of March 31, 1952, as amended.

**225.871 North Atlantic Treaty Organization (NATO) cooperative projects.**

**225.871-1 Scope.**

This section implements 22 U.S.C. 2767 and 10 U.S.C. 2350b.

[70 FR 73155, Dec. 9, 2005]

**225.871-2 Definitions.**

As used in this section—

- (a) *Cooperative project* means a jointly managed arrangement—
  - (1) Described in a written agreement between the parties;
  - (2) Undertaken to further the objectives of standardization, rationalization, and interoperability of the armed forces of NATO member countries; and
  - (3) Providing for—
    - (i) One or more of the other participants to share with the United States the cost of research and development,

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testing, evaluation, or joint production (including follow-on support) of certain defense articles;

(ii) Concurrent production in the United States and in another member country of a defense article jointly developed; or

(iii) Acquisition by the United States of a defense article or defense service from another member country.

(b) *Other participant* means a cooperative project participant other than the United States.

### 225.871-3 General.

(a) *Cooperative project authority*. (1) Departments and agencies, that have authority to do so, may enter into cooperative project agreements with NATO or with one or more member countries of NATO under DoDD 5530.3, International Agreements.

(2) Under laws and regulations governing the negotiation and implementation of cooperative project agreements, departments and agencies may enter into contracts, or incur other obligations, on behalf of other participants without charge to any appropriation or contract authorization.

(3) Agency heads are authorized to solicit and award contracts to implement cooperative projects.

(b) Contracts implementing cooperative projects shall comply with all applicable laws relating to Government acquisition, unless a waiver is granted under 225.871-4. A waiver of certain laws and regulations may be obtained if the waiver—

(1) Is required by the terms of a written cooperative project agreement;

(2) Will significantly further NATO standardization, rationalization, and interoperability; and

(3) Is approved by the appropriate DoD official.

### 225.871-4 Statutory waivers.

(a) For contracts or subcontracts placed outside the United States, the Deputy Secretary of Defense may waive any provision of law that specifically prescribes—

(1) Procedures for the formation of contracts;

(2) Terms and conditions for inclusion in contracts;

(3) Requirements or preferences for—

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(i) Goods grown, produced, or manufactured in the United States or in U.S. Government-owned facilities; or

(ii) Services to be performed in the United States; or

(4) Requirements regulating the performance of contracts.

(b) There is no authority for waiver of—

(1) Any provision of the Arms Export Control Act (22 U.S.C. 2751);

(2) Any provision of 10 U.S.C. 2304;

(3) The cargo preference laws of the United States, including the Military Cargo Preference Act of 1904 (10 U.S.C. 2631) and the Cargo Preference Act of 1954 (46 U.S.C. 1241(b)); or

(4) Any of the financial management responsibilities administered by the Secretary of the Treasury.

(c) To request a waiver under a cooperative project, follow the procedures at PGI 225.871-4.

(d) Obtain the approval of the Deputy Secretary of Defense before committing to make a waiver in an agreement or a contract.

[68 FR 15621, Mar. 31, 2003, as amended at 71 FR 62565, Oct. 26, 2006]

### 225.871-5 Directed Subcontracting.

(a) The Director of Defense Procurement and Acquisition Policy may authorize the direct placement of subcontracts with particular subcontractors. Directed subcontracting is not authorized unless specifically addressed in the cooperative project agreement.

(b) In some instances, it may not be feasible to name specific subcontractors at the time the agreement is concluded. However, the agreement shall clearly state the general provisions for work sharing at the prime and subcontract level. For additional information on cooperative project agreements, see PGI 225.871-5.

[68 FR 15621, Mar. 31, 2003, as amended at 70 FR 73155, Dec. 9, 2005]

### 225.871-6 Disposal of property.

Dispose of property that is jointly acquired by the members of a cooperative project under the procedures established in the agreement or in a manner consistent with the terms of the agreement, without regard to any laws of